

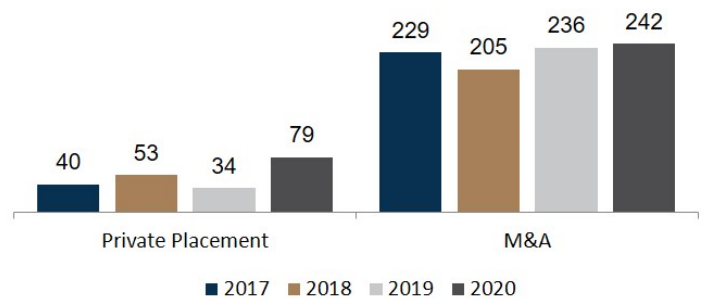


2020 Annual Arizona Deal Review

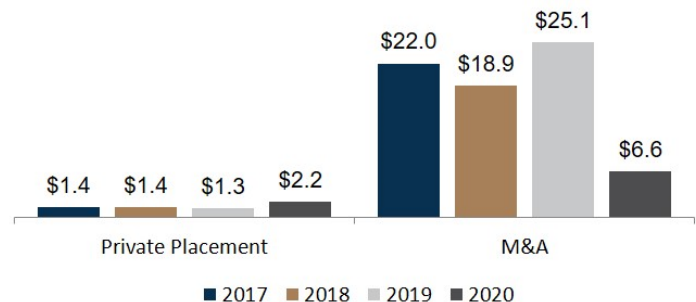
The Annual Arizona Deal Review is prepared as a courtesy to the Arizona business community based on our research and analysis of data from various sources on disclosed deals for Arizona-based companies.

While 2019 saw all-time highs for U.S. equities and significant M&A activity, the COVID-19 pandemic ultimately slowed deal activity in 2020; however, interventions by the Fed, vaccine approvals, and a vibrant stock market allowed some parts of the economy to recover. Disclosed M&A transactions for Arizona-based companies increased from 236 in 2019 to 242 in 2020, an increase of 2.5%. M&A activity in 2020 experienced a decrease in transaction dollar volume from \$25.1 billion to \$6.6 billion. This staggering 73.8% decrease reflects a lack of outsized transactions in 2020 vs. the acquisitions of the Enterprise Security assets of Symantec and Versum Materials in 2019, which together contributed almost \$18 billion. Given volume perceptions can be skewed by large but inconsistent technology company acquisitions, we calculated the M&A dollar volume excluding each year's top five transactions and found 2020 decreased by only 24.9% vs. 2019. Given that volatility, we believe unit volume is a better indicator of activity, suggesting an early COVID-driven decline followed by late year recovery. Taylor Morrison Home Corporation's acquisition of William Lyon Homes accounted for 9.6% of the year's total M&A volume. The average M&A deal size on disclosed transactions between \$5.0 million and \$500.0 million was \$103.0 million, compared to 2019's average of \$107.4 million.

Transaction Unit Volume



Transaction Dollar Volume ⁽¹⁾



(1) \$ billions. Excludes Real Estate, Mining, Energy Exploration, Project finance, PIPEs, 144a placements and transactions smaller than \$5.0 million. Includes only disclosed transactions amounts.

Private placement dollar volume experienced an increase of 66.5% to approximately \$2.2 billion in 2020, compared to \$1.3 billion in 2019. Arizona also saw 125.7% more transactions at 79 compared to 34 in 2019. The top ten 2020 private placement transactions accounted for 76.4% of total dollar volume, as compared to 91.2% in 2019. The average private placement on disclosed transactions between \$5.0 million and \$500.0 million decreased to \$36.2 million, compared to 2019's average of \$59.4 million.

Business Services led Arizona's deal activity, followed by Construction Services/Homebuilding which together comprised 19.1% of total dollar volume of M&A and capital raising transactions. The top three most active industries by unit volume during the past year were Business Services, Medical/Healthcare/Biotech, and Technology/Software/Services. Of the thirteen industries analyzed, five illustrated an increase in combined M&A and private placement transaction volume, while eight showed a decrease. By units, eight of the thirteen industries saw an increase in number of transactions.

Regional M&A in Arizona was driven by national trends and well correlated with national M&A and public equity volumes this year. We have never heard more concrete guidance from the Fed than Jerome Powell's January 2021 statement, "When the time comes to raise interest rates, we'll certainly do that, and that time, by the way, is no time soon." This



signaling was consistent in 2020, bolstered by an incredible \$2.59 trillion in support, including \$120 billion in monthly bond purchases and followed by another \$1.9 trillion in “COVID Relief” in March 2021. Retail and institutional investors responded with eager demand for all equity products, believing the Fed will rectify any near-term market hiccups associated with the health pandemic, social unrest, and divisive political environment. Lower middle market private equity followed suit, aided by already historically high L.P. capital commitments and AUM. We believe Arizona will see a continued strong flow of transactions in 2021 fueled by low interest rates, well-funded private equity groups, special purpose acquisition company (SPAC) acquisitions, a growing technology community, and a meaningful population influx to the region. Additionally, we believe there will be tax-motivated selling fueled by a likely 2022 tax rate hike, and the return to normalcy, or at least a celebration of waning COVID-19 disruption.

Columbia West forecasts continued aggressive M&A behaviors from strategic and financial buyers until a large cap market correction trickles down to the middle market which dominates Arizona unit volume.

ARIZONA DEAL SUMMARY BY INDUSTRY

(\$ in millions)

	2020			2019			Variance		% Growth	
	\$ ⁽¹⁾	%	#	\$ ⁽¹⁾	%	#	\$	#	\$	#
Medical / Healthcare / Biotech	\$489	1.9%	55	\$870	3.3%	40	(\$381)	15	(43.8%)	37.5%
Business Services	\$2,606	9.9%	84	\$120	0.5%	56	\$2,486	28	2065.8%	50.0%
Technology / Software / Services	\$828	3.1%	45	\$11,927	45.2%	41	(\$11,100)	4	(93.1%)	9.8%
Electronics / Semiconductors	\$154	0.6%	9	\$7,019	26.6%	6	(\$6,865)	3	(97.8%)	50.0%
Consumer / Retail	\$278	1.1%	41	\$3,394	12.8%	33	(\$3,115)	8	(91.8%)	24.2%
Manufacturing	\$744	2.8%	20	\$388	1.5%	26	\$356	-6	91.8%	(23.1%)
Construction Services/ Homebuilding	\$2,452	9.3%	26	\$110	0.4%	28	\$2,342	-2	2127.9%	(7.1%)
Financial Services	\$638	2.4%	14	\$69	0.3%	15	\$568	-1	820.5%	(6.7%)
Gaming / Leisure / Lodging	\$109	0.4%	7	\$318	1.2%	10	(\$210)	-3	(65.8%)	(30.0%)
Energy/Utilities	\$0	—	2	\$24	0.1%	1	(\$24)	1	(100.0%)	100.0%
Telecom	\$47	0.2%	8	\$1,965	7.4%	4	(\$1,919)	4	(97.6%)	100.0%
Natural Resources	\$0	—	1	\$207	0.8%	3	(\$207)	-2	(100.0%)	(66.7%)
Real Estate Services	\$400	1.5%	9	\$0	—	7	\$400	2	N/A	28.6%
TOTALS	\$ 8,744	33.1%	321	\$ 26,412	100.0%	270	\$ (17,668)	51	(66.9%)	18.9%

* Excludes Real Estate, Mining, Energy Exploration, Project Finance, 144a placements and transactions smaller than \$5.0 million.

(1) Only includes transactions with disclosed values.

TOP 10 2020 M&A DEALS ⁽¹⁾

(\$ in millions)

1	William Lyon Homes	\$2,422
2	Mobile Mini, Inc.	\$1,901
3	Ladenburg Thalmann Financial Srvc. (Advisor Group)	\$544
4	Emailage Corp.	\$480
5	Neustar Registry bus. (GoDaddy)	\$216
6	Flow Management Devices LLC	\$121
7	Arizona Production & Packaging LLC	\$110
8	Superstition Sunrise RV Resort	\$88
9	Geneva Capital Management, LLC (Estancia Capital)	\$74
10	M. J. Van Damme Trucking Inc. (Circle K)	\$50

TOTAL	\$6,006
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* Excludes Real Estate, Mining, Energy Exploration, Project Finance, PIPES, 144a placements.

(1) Only includes transactions with disclosed values.

(2) Includes deals subsequent to moving headquarters to Arizona.

TOP 10 2020 PRIVATE PLACEMENTS ⁽¹⁾

(\$ in millions)

1	Nikola Corporation (NasdaqGS:NKLA)	\$525
2	Sparrow	\$400
3	Centauri Health Solutions, Inc.	\$325
4	CampusLogic, Inc.	\$120
5	Smartrent.com, Inc	\$60
6	GrubMarket, Inc.	\$60
7	Zero Mass Water, Inc.	\$50
8	Flock Group Inc.	\$47
9	Paradox, Inc.	\$40
10	Brightside Benefit, Inc.	\$35

TOTAL	\$1,662
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